

OBSOLETE PROPERTY REHABILITATION TAX ABATEMENT PROCESS

P.A. 146 of 2000

Instructions for Applicants & Local Units

[Web Directions](#)

[State Tax Commission Bulletin](#)

[Application](#)

[Obsolete Property Rehabilitation Act](#)

[Eligible Distress Areas](#)

Directions on the Michigan Government Treasury Website: Locating Property Tax Exemption Forms:

www.michigan.gov/treasury

Scroll down to the “Treasury Forms” box and click on:

Property Tax Forms

Property Tax – Abatement/Exemption *

* Informational packets are available for IFT, Air & Water Pollution, New Personal Property and Obsolete Property Rehabilitation Exemptions at this webpage site.

Directly to Forms:

Act 198 – IFT Application:	www.michigan.gov/documents/1012f_2637_7.pdf
Act 451 – Water Pollution:	www.michigan.gov/documents/891_fillable_62195_7.pdf
Act 451 – Air Pollution: **	www.michigan.gov/documents/3828f_2641_7.pdf
Act 146 – Obsolete Property:	www.michigan.gov/documents/3674f_2640_7.pdf
Act 328 – New Personal Property:	www.michigan.gov/documents/3427f_2639_7.pdf
Act 147 – Neighborhood Enterprise:	www.michigan.gov/documents/2704_44158_7.pdf
Act 198 – Tax Report Form 170:	www.michigan.gov/documents/Form170_82854_7.xls
IFT Supplemental Information:	www.michigan.gov/treasury/0,1607,7-121-1748_1876_1907-84835--,00.html

**** For assistance in completing the air pollution control tax exemption application please refer to the Department of Environmental Quality Tax Exemptions for Air Pollution Control Application Procedures and Guidance Document at the following web address.**

www.deq.state.mi.us/documents/DEQ-AQD-Tax_exemption_application_guidance_document.pdf

For assistance please call 517-373-3272

Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by P.A. 146 of 2000. Filing of this form is voluntary. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and one copy of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and the Resolution. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption.

Applicant (Company) Name (applicant must be the OWNER of the facility)								
Company Mailing address (No. and street, P.O. Box, City, State, ZIP code)								
Location of obsolete facility (No. and street, P.O. Box, City, State, ZIP Code)								
City, Township, Village		County						
Date of Commencement of Rehabilitation	Planned date of Completion of Rehabilitation	School District where facility is located (include school code)						
Estimated Cost of Rehabilitation	Number of years exemption requested	Attach Legal description of Obsolete Property on separate sheet						
Expected project likelihood (check all that apply): <table border="0"><tr><td><input type="checkbox"/> Increase Commercial activity</td><td><input type="checkbox"/> Retain employment</td><td><input type="checkbox"/> Revitalize urban areas</td></tr><tr><td><input type="checkbox"/> Create employment</td><td><input type="checkbox"/> Prevent a loss of employment</td><td><input type="checkbox"/> Increase number of residents in the community in which the facility is situated</td></tr></table> Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____			<input type="checkbox"/> Increase Commercial activity	<input type="checkbox"/> Retain employment	<input type="checkbox"/> Revitalize urban areas	<input type="checkbox"/> Create employment	<input type="checkbox"/> Prevent a loss of employment	<input type="checkbox"/> Increase number of residents in the community in which the facility is situated
<input type="checkbox"/> Increase Commercial activity	<input type="checkbox"/> Retain employment	<input type="checkbox"/> Revitalize urban areas						
<input type="checkbox"/> Create employment	<input type="checkbox"/> Prevent a loss of employment	<input type="checkbox"/> Increase number of residents in the community in which the facility is situated						
The State Treasurer may exclude from the specific tax up to 1/2 of the mills levied for local school operating purposes and for the State Education Tax. Check the following box if you wish to be considered for this exclusion. <input type="checkbox"/>								

APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by P.A. 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by P.A. 146 of 2000 and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of P.A. 146 of 2000, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

Company Officer name (no authorized agents)	Telephone Number	Fax Number
Mailing Address		Email Address
Signature		Title

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

Clerk must also complete Parts 1-3 on Page 2.

Signature	Date application received
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FOR STATE TAX COMMISSION USE

Application Number	Date Received
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LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application. All sections must be completed in order to process.

PART 1: ACTION TAKEN

Action Date: _____

☐

Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years)

☐

Denied

PART 2: RESOLUTIONS (All boxes must be checked prior to submitting this form.)

☐ A statement that the local unit is a Qualified Local Governmental Unit.

☐ A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of P.A. 146 of 2000.

A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under P.A. 146 of 2000 and under P.A. 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.

☐ A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.

☐ A statement that the application was approved at a public hearing as provided by section 4(2) of P.A. 146 of 2000 including the date of the hearing.

☐ A statement that the applicant is not delinquent in any taxes related to the facility.

If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operating of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.

☐ A statement that all of the items described on line 9 of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.

☐ A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.

☐ A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.

A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of P.A. 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under P.A. 146 of 2000 to establish such a district.

☐ A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.

A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of P.A. 146 of 2000.

☐ A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.

PART 3: ASSESSOR RECOMMENDATIONS

Current Taxable Value and State Equalized Value of obsolete properties

	Taxable Value	State Equalized Value (SEV)
Land		
Buildings		
Buildings on Leased Land		
Other Personal Property		
Year of Values		
Name of Local Government Body	Date of Action on application	

CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by P.A. 146 of 2000 may be in jeopardy.

Clerk Signature	Date	Telephone Number	Fax Number
Clerk's Mailing Address	City & State	ZIP Code	

Mail completed Application and copy of Resolution to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408 or 373-3302.

ELIGIBLE DISTRESSED AREAS

Public Act 346, Chapter One, Section 11, as amended, defines an Eligible distressed area as one or more of the following:

1. **Community Wide:**

A community which meets all of the following requirements (formula allocation):

- A. The municipality shows a negative population change from 1970 to the date of the most recent federal decennial census.
- B. The municipality shows an overall increase in the state equalized value of real and personal property of less than the statewide average increase since 1972.
- C. The municipality has a poverty rate, as defined by the most recent decennial census, greater than the statewide average.
- D. The municipality has had an unemployment rate higher than the statewide average unemployment rate for three of the preceding five years (Section II(u)(ii)).

2. **Blighted Areas Within a Community:**

An area located in a city with a population of at least 10,000 which is either designated as a blighted area by a local legislative body or which is determined by the Authority to be blighted or largely vacant by reason of clearance or blight. If the Authority designates the area as blighted, it must determine that private enterprise has failed to provide a supply of adequate, safe, and sanitary dwellings sufficient to meet market demand. In addition, the city must approve the changes in income limits that are associated with this designation by either a resolution or written communication from the higher legislative body of the city or the mayor (Section II(u)(i)(B)).

3. **Neighborhood Enterprise Zone Qualified Communities:**

An area located in a local unit of government certified by the Michigan Enterprise Zone Authority as meeting the criteria prescribed in Section 2(d) of the Neighborhood Enterprise Zone Act of 1992.

ELIGIBLE DISTRESSED AREAS
January 28, 2004

CITIES

Adrian	Gibraltar	Mt. Clemens
Albion	Gladstone	Mt. Morris
Alma	Grand Haven	Mt. Pleasant
Alpena	Grand Rapids	Muskegon
Ann Arbor	Grayling	Muskegon Heights
Bangor	Hamtramck	Norton Shores
Battle Creek	Harbor Beach	Norway
Bay City	Harper Woods	Oak Park
Benton Harbor	Hart	Omer
Bessemer	Hartford	Onaway
Big Rapids	Hazel Park	Owosso
Bronson	Highland Park	Pinconning
Burton	Holland	Pontiac
Cadillac	Inkster	Port Huron
Carson City	Ionia	Portage
Caspian	Ironwood	River Rouge
Center Line	Iron Mountain	Saginaw
Cheboygan	Iron River	Sault Ste. Marie
Coldwater	Ishpeming	Southfield
Coleman	Jackson	St. Louis
Crystal Falls	Kalamazoo	Sturgis
Dearborn	Lansing	Taylor
Dearborn Heights	Lincoln Park	Three Rivers
Detroit	Livonia	Traverse City
Dowagiac	Ludington	Trenton
East Lansing	Manistee	Vassar
Eastpointe	Manistique	Wakefield
Ecorse	Marquette	Warren
Escanaba	Melvindale	Wayne
Ferndale	Menominee	Wyandotte
Flint	Midland	Wyoming
Gaastra	Monroe	Ypsilanti

Village of Baldwin

TOWNSHIPS

Benton (Berrien)
Buena Vista (Saginaw)
Calumet (Houghton)
Carp Lake (Ontonagon)
Carrollton (Saginaw)
Champion (Marquette)
Columbia (Tuscola)
Duncan (Houghton)
Elba (Gratiot)

Elmwood (Tuscola)
Emerson (Gratiot)
Genesee (Genesee)
Marlette (Sanilac)
Minden (Sanilac)
Montrose (Genesee)
Mt. Morris (Genesee)
Oscoda (Iosco)
Pulawski (Presque Isle)

Redford (Wayne)
Royal Oak (Oakland)
Sebewaing (Huron)
Sheridan (Calhoun)
Spaulding (Saginaw)
Turner (Arenac)
Wheeler (Gratiot)
Wisner (Tuscola)

State Tax Commission Bulletin No. 9 of 2000

DATE: July 12, 2000

TO: Assessors, Equalization Directors

FROM: State Tax Commission (STC)

RE: OBSOLETE PROPERTY REHABILITATION ACT

On June 6, 2000, Governor Engler signed into law Public Act (PA) 146 of 2000 (copy enclosed) with an effective date of June 6, 2000. PA 146 of 2000 shall be known as the Obsolete Property Rehabilitation Act.

The purpose of this bulletin is to explain the administration of this new act.

PA 146 of 2000 provides an exemption from ad valorem property taxes to commercial property and commercial housing property provided they are located in a qualified local governmental unit and certain other conditions are met. These conditions and the definitions of commercial property and commercial housing property will be explained later in this bulletin.

QUALIFIED LOCAL GOVERNMENTAL UNITS

Section 2(k) of the act gives the qualifications which must be met in order for a local unit to be a qualified local governmental unit. There are separate qualifications for cities, for townships, and for villages. The following are qualified local governmental units as of June 6, 2000.

Cities:

Adrian	Eastpointe	Kalamazoo	Saginaw
Albion	Ecorse	Lansing	Saint Louis
Alma	Escanaba	Lincoln Park	Sault St. Marie
Alpena	Ferndale	Livonia	Southfield
Ann Arbor	Flint	Ludington	Stambaugh
Bangor	Gibraltar	Manistee	Sturgis
Battle Creek	Gladstone	Manistique	Taylor
Bay City	Grand Haven	Marquette	Trenton
Benton Harbor	Grand Rapids	Melvindale	Traverse City
Big Rapids	Grayling	Midland	Vassar
Bronson	Hamtramck	Monroe	Wakefield
Burton	Harbor Beach	Mt. Morris	Warren
Cadillac	Harper Woods	Mt. Pleasant	Wayne
Carson City	Hazel Park	Muskegon	Wyandotte
Caspian	Highland Park	Muskegon Heights	Ypsilanti
Cheboygan	Holland	Oak Park	
Coleman	Inkster	Onaway	
Dearborn	Ionia	Owosso	
Dearborn Heights	Iron River	Pinconning	
Detroit	Ironwood	Pontiac	
Dowagiac	Ishpeming	Port Huron	
East Lansing	Jackson	River Rouge	

Townships:

Benton Charter Township, Berrien County
Buena Vista Charter Township, Saginaw County
Genesee Township, Genesee County
Mt. Morris Charter Township, Genesee County
Redford Charter Township, Wayne County
Royal Oak Charter Township, Oakland County

Villages:

Baldwin Village, Lake County

Important Note: If a local governmental unit is not a qualified local governmental unit, this law and this bulletin do NOT apply to that unit.

In order to obtain the exemption provided by PA 146 of 2000, there are 4 steps which must be followed:

A qualified local governmental unit must establish an Obsolete Property Rehabilitation District.

The owner of obsolete property must file an application for exemption with the clerk of the qualified local governmental unit.

The qualified local governmental unit must approve the application.

The State Tax Commission must also approve the application and issue the exemption certificate.

These steps will be explained in detail in the rest of this bulletin. There will also be separate discussions of the exemption provided by this act, the specific tax levied upon the owner of an exempt obsolete property, the procedures for transferring and revoking an Obsolete Property Rehabilitation Certificate, and the duties of the assessor under section 9 of this act.

A) Establishing An Obsolete Property Rehabilitation District

A qualified local governmental unit may establish 1 or more Obsolete Property Rehabilitation Districts. This must be done by resolution. A district may consist of 1 or more parcels or tracts of land or a portion of a parcel or tract of land PROVIDED THAT the parcel or tract is EITHER of the following:

Obsolete property in an area characterized by obsolete commercial property or commercial housing property. Please refer to the definitions of obsolete property, commercial property, and commercial housing property found in the addendum to this bulletin.

Obsolete property that is commercial property AND that was owned by the local governmental unit on June 6, 2000 AND was later conveyed to a private owner.

Important Note: The resolution establishing the district shall set forth a finding and determination that the district meets the requirement set forth in a or b above.

1) Establishing a District on Its Own Initiative Or At Request of Owner(s)

The legislative body of a qualified local governmental unit may establish an Obsolete Property Rehabilitation District on its own initiative OR upon a written request filed by the owner or owners of property comprising at least 50% of all the taxable value of the property located within a proposed Obsolete Property Rehabilitation District. The written request must be filed with the clerk of the qualified local governmental unit.

2) Written Notice by Certified Mail

Before adopting a resolution establishing an Obsolete Property Rehabilitation District, the legislative body shall give written notice by certified mail to the owners of all real property within the proposed Obsolete Property Rehabilitation District AND shall afford an opportunity for a hearing on the establishment of the Obsolete Property Rehabilitation District. Any of the owners and any other resident or taxpayer of the qualified local governmental unit may appear at the hearing and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

B) Owner Files An Application for Exemption

The following are procedures which must be followed when an owner files an application for an Obsolete Property Rehabilitation Exemption Certificate:

1) Owner Files Application

If an Obsolete Property Rehabilitation District is established, the owner of obsolete property may file an application for an Obsolete Property Rehabilitation Exemption Certificate with the clerk of the qualified local governmental unit that established the Obsolete Property Rehabilitation District (The definition of "obsolete property" is contained in the addendum to this bulletin.) The law requires that the application shall be filed on the form prescribed by the State Tax Commission. STC Form 3674 has been developed for this purpose. This form requests all of the information required to be provided by PA 146 of 2000.

Important Note: If the application form (STC Form 3674) is not fully completed, it will be returned by the staff of the Property Tax Division prior to any processing being done by the State Tax Commission as described in paragraph D of this bulletin.

2) Notifications by Clerk

Upon receipt of an application for an Obsolete Property Rehabilitation Exemption Certificate, the clerk of the qualified local governmental unit shall notify, in writing, the assessor and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the obsolete facility is located.

C) Qualified Local Governmental Unit Approves or Disapproves Application

1) Hearing

Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a hearing on the application and give notice to the applicant, the assessor, a representative of the affected taxing units, and the general . The hearing on each application shall be held separately from the hearing on the establishment of the Obsolete Property Rehabilitation District.

2) Approval or Disapproval

The legislative body of the qualified local governmental unit, not more than 60 days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for an Obsolete Property Rehabilitation Exemption Certificate.

Important Note: Only those properties within the Obsolete Property Rehabilitation District which meet the definition of obsolete property are eligible for an exemption certificate. Please see the definition of obsolete property contained in the addendum to this bulletin.

The legislative body of the qualified local governmental unit shall not approve an application for an Obsolete Property Exemption Certificate unless the applicant complies with ALL of the following requirements:

The commencement of the rehabilitation of the facility does not occur before the establishment of the Obsolete Property Rehabilitation District. (Please see the definition of "rehabilitation" contained in the addendum to this bulletin.)

The application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of the act and that shall be situated within an Obsolete Property Rehabilitation District established in a qualified local governmental unit eligible under the act to establish such a district. (Please see the definition of "rehabilitated facility" contained in the addendum to this bulletin.)

Completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to accomplish one or more of the following:

- increase commercial activity
- create employment
- retain employment
- prevent a loss of employment
- revitalize urban areas
- increase the number of residents in the community in which the facility is situated.

The applicant states, in writing, that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

The applicant is not delinquent in the payment of any taxes related to the facility.

The clerk shall retain the original of the application and resolution. If APPROVED, the clerk shall forward a copy of the application and resolution to the State Tax Commission. A resolution is not effective unless approved by the State Tax Commission. If DISAPPROVED by the qualified local governmental unit, the reasons shall be set forth in writing in the resolution, and the clerk shall send a copy of the resolution by certified mail to the applicant and to the assessor.

There is NO provision in PA 146 of 2000 for an appeal to the State Tax Commission when a local unit disapproves an application. (This differs from the provisions of PA 198 of 1974 which allows such action.)

3) Exempt Taxable Values Which Exceed 5% of the Taxable Value of the Local Unit

There are separate requirements which must be met when the taxable value of the property proposed to be exempt, CONSIDERED TOGETHER with the total taxable value of property already exempt under certificates previously granted and currently in force under this act or under 1974 PA 198 (i.e. Industrial Facility Exemptions), exceeds 5% of the taxable value of the qualified local governmental unit. When this occurs, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution that exceeding that amount shall NOT have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

4) Length of Certificate

Unless earlier revoked as provided in section 12 of the act, an Obsolete Property Rehabilitation Exemption Certificate shall remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, BUT NOT TO EXCEED 12 YEARS. The 12 year period may include the time during which the rehabilitation occurs.

If the number of years determined is less than 12, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The review of the certificate, for the purpose of determining an extension, shall be based upon factors, criteria, and objectives that shall be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the obsolete property is located, and the State Tax Commission.

The total amount of time determined for the certificate including any extensions shall not exceed 12 years. The certificate shall commence with its effective date and end on the December 31 immediately following the last day of the number of years determined. (The effective date is December 31 immediately following the date of issuance of the certificate by the State Tax Commission.)

D) State Tax Commission Approves or Disapproves Application

1) State Tax Commission Approves or Disapproves

Not more than 60 days after receipt of a copy of the application and resolution adopted by the qualified local governmental unit, the State Tax Commission shall approve or disapprove the resolution.

Important Note: If the application form (STC Form 3674) is not fully completed, it will be returned by the staff of the Property Tax Division prior to any processing being done by the State Tax Commission.

2) State Tax Commission Issues Exemption Certificate

Following approval of the application by the legislative body of the qualified local governmental unit and the State Tax Commission, the Commission shall issue to the applicant an Obsolete Property Rehabilitation Exemption Certificate which contains certain information required by section 6(2) of PA 146 of 2000.

3) Effective Date of Certificate

The effective date of the certificate is the December 31 immediately following the date of issuance of the certificate by the State Tax Commission.

4) Length of Certificate

Unless earlier revoked as provided in section 12 of the act, an Obsolete Property Rehabilitation Exemption Certificate shall remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, BUT NOT TO EXCEED 12 YEARS.

If the number of years determined is less than 12, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. (Please see the discussion regarding Length of Certificate contained in paragraph C of this bulletin.)

The total amount of time determined for the certificate including any extensions shall not exceed 12 years. The certificate shall commence with its effective date and end on the December 31 immediately following the last day of the number of years determined.

E) Other Matters

1) The Exemption From Ad Valorem Property Taxes

PA 146 of 2000 provides an exemption from ad valorem property taxes for the rehabilitated facility for which the exemption is granted INCLUDING buildings and improvements located on leased land. The exemption from ad valorem property taxes DOES NOT apply to:
the land on which the rehabilitated facility is located.
personal property other than buildings on leased land.

2) The Specific Tax Levied Upon the Owners of Exempt Obsolete Property

Section 10 of PA 146 of 2000 provides that a specific tax, known as the Obsolete Properties Tax, shall be levied upon the owner of every rehabilitated facility exempt under the act.

The amount of Obsolete Properties Tax is calculated using a 2-step process.

Step 1: Multiply the mills levied by all taxing units for the current year by the "frozen" taxable value of the rehabilitated facility INCLUDING the "frozen" taxable value of buildings on leased land BUT EXCLUDING the "frozen" taxable value of the land and of the other personal property.

The "frozen" taxable value is the taxable value for the December 31 immediately preceding the effective date of the Obsolete Property Rehabilitation Exemption Certificate.

EXAMPLE OF FROZEN TAXABLE VALUE: If the effective date of the Obsolete Property Rehabilitation Exemption Certificate is December 31, 2000, the frozen taxable value is the 2000 taxable value.

EXAMPLE OF CALCULATION IN STEP 1:

Assume the following regarding the rehabilitated property:

Current Total Millage for All Units = 50 mills

"Frozen" Taxable Value of Total Real and
Personal Property (including buildings
on leased land) = \$125,000

"Frozen" Taxable Value of Buildings on
Leased Land = \$ 20,000

"Frozen" Taxable Value of Land = \$ 10,000

"Frozen" Taxable Value of Other
Personal Property = \$ 15,000

Calculation of Tax

. 050 (50 mills)

X \$100,000 (\$125,000 MINUS \$10,000 MINUS \$15,000)

\$5,000 Tax for Step 1

Step 2: Multiply the mills levied for school operating purposes by a local school district for the current year plus the mills levied for the State Education Tax for the current year times the CURRENT taxable value of the rehabilitated facility INCLUDING buildings on leased land BUT EXCLUDING the CURRENT taxable value of the land, the CURRENT taxable value of the other personal property and the "frozen" taxable value used in the final calculation in Step 1.

EXAMPLE OF CALCULATION IN STEP 2:

Assume the following:

Current Millage for School Operating
Purposes and for State Education Tax = 24 mills

CURRENT Taxable Value of Total
Real and Personal Property of
Rehabilitated Facility = \$150,000

CURRENT Taxable Value of
Buildings on Leased Land = \$ 22,000

CURRENT Taxable Value of Land = \$ 10,100

CURRENT Taxable Value of
Other Personal Property = \$ 16,000

Calculation of Tax

.024	(24 mills)
X \$23,900	(\$150,000 MINUS \$10,100 MINUS \$16,000 MINUS \$100,000 from Step 1)

\$573.60 Tax for Step 2

Total Obsolete Properties Tax = \$5,000 (from Step 1) + \$573.60 (from Step 2) = \$5,573.60.

Note: Exclusion of Some Mills from the Specific Tax by the State Treasurer

The State Treasurer may exclude from the Specific Tax up to ½ of the mills levied for local school operating purposes and for the State Education Tax. This may be done if the State Treasurer determines that reducing the millage is necessary to reduce unemployment, promote economic growth, and increase capital investment in Qualified Local Governmental Units. This exclusion is for a period not to exceed 6 years. Only 25 exclusions can be granted each year. An exclusion must be granted within 60 days after the STC approves an Obsolete Property Rehabilitation Exemption Certificate. (Please see section 17 of PA 146 of 2000 included with this bulletin.) Requests for consideration for this exclusion should be made by the applicant on line 10 of the application (Form 3674).

3) Transferring the Obsolete Property Rehabilitation Exemption Certificate

An Obsolete Property Rehabilitation Exemption Certificate may be transferred and assigned by the holder of the certificate to a new owner of the rehabilitated facility if the qualified local governmental unit approves the transfer after application by the new owner.

There is NO provision in PA 146 of 2000 for approval by the STC of the transfer of a certificate. Likewise, there is no provision in PA 146 of 2000 for an appeal to the STC when a local unit does not approve the transfer of a certificate.

4) Revocation of the Obsolete Property Rehabilitation Exemption Certificate

The legislative body of the QUALIFIED LOCAL GOVERNMENTAL UNIT may, by resolution, revoke the Obsolete Property Rehabilitation Exemption Certificate of a facility if:

it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time.

OR

it finds that the holder of the Obsolete Property Exemption Certificate has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.

There is NO provision in PA 146 of 2000 for an appeal to the STC when a local unit revokes an Obsolete Property Rehabilitation Exemption Certificate.

5) Duties of the Assessor As Required by Section 9 of the Act

Section 9 of PA 146 of 2000 requires the assessor to perform the following duties:

The assessor shall annually determine the value and taxable value as of December 31, of each exempt rehabilitated facility. This determination shall be made separately for each facility and shall be broken down by both real and personal property.

Upon receipt of notice of the filing of an application for an exemption certificate, the assessor shall determine and furnish to the local legislative body the value and the taxable value of the property to which the application pertains and other information as may be necessary to permit the local legislative body to make the determinations required by section 8(2) of the act.

6) Additional Matters Covered by PA 146 of 2000

The following are additional items covered by PA 146 of 2000. The sections of the law where they can be found are also noted. Please refer to the enclosed copy of PA 146 of 2000 for more information about these items.

ITEM SECTION OF PA 146 OF 2000

- 1) Disbursement of Obsolete Properties Tax Payments Section 10(4)
- 2) Disbursement of Intermediate School's Share of Tax to the State Treasury Section 10(5)
- 3) Disbursement of Local School's Share of Tax to the State Treasury Section 10(6)
- 4) Report by Collection Officer to the State Tax Commission Section 10(7)
- 5) Rehabilitated Facility Located in a Renaissance Zone Section 10(8)
- 6) Tax is a Lien Section 11
- 7) Annual Report by the Local Unit to the State Tax Commission on the Status of Each Exemption Section 14
- 8) Reports by the Treasury Department Section 15
- 9) No New Exemptions after 12-31-2010 Section 16

ADDENDUM

Definitions Contained In or Referenced In Public Act 146 of 2000

(Please see the copy of the act enclosed with this bulletin for additional definitions.)

"Commercial housing property" means that portion of real property not occupied by an owner of that real property that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial housing property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to a multiple-unit dwelling or dwelling unit in a multiple-purpose structure, used for residential purposes.

"Commercial property" means land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and MCL 211.14, the primary purpose and use of which is the operation of a commercial business enterprise. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise or a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property does not include any of the following:

- (i) Land
- (ii) Property of a utility

"Facility", except as otherwise provided in this act, means a building or group of contiguous buildings.

"Functionally obsolete" means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property. (See MCL 125.2652)

Note: The STC offers the following as examples of functional obsolescence:

- 1) A floor plan which is inappropriate for the highest and best use of the property.
- 2) A heating system which is inadequate for the highest and best use of the property.
- 3) Excessively high or low ceilings for the highest and best use of the property.
- 4) Partition walls which restrict the highest and best use of the property.
- 5) Mechanical systems (e.g. electrical, plumbing, etc) which are inadequate for the highest and best use of the property.

"Obsolete property" means commercial property or commercial housing property, that is 1 or more of the following:

- (i) "Blighted property". Blighted property means property that meets 1 or more of the following criteria:
Has been declared a nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.

Is an attractive nuisance to children because of physical condition, use, or occupancy.

Is a fire hazard or is otherwise dangerous to the safety of persons or property.

Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.

Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state. The sale, lease, or transfer of tax reverted property by a qualified local governmental unit, county, or this state after the

property's inclusion in a brownfield plan shall not result in the loss to the property of the status as blighted property for purposes of PA 145 of 2000. (See MCL 125.2652)

(ii) A facility as that term is defined below:

"Facility" as defined in PA 451 of 1994 means any area, place, or property where a hazardous substance in excess of the concentrations which satisfy the requirements of section 20120a(1)(a) or (17) or the cleanup criteria for unrestricted residential use under part 213 has been released, deposited, disposed of, or otherwise comes to be located. Facility does not include any area, place, or property at which response activities have been completed which satisfy the cleanup criteria for the residential category provided for in section 20120a(1)(a) and (17) or at which corrective action has been completed under part 213 which satisfies the cleanup criteria for unrestricted residential use. (See MCL 324.20101)

(iii) Functionally obsolete. Please see the definition of "functionally obsolete".

"Obsolete property rehabilitation district" means an area of a qualified local governmental unit established as provided in section 3. Only those properties within the district meeting the definition of "obsolete property" are eligible for an exemption certificate issued pursuant to section 6 of PA 146 of 2000.

"Rehabilitation" means changes to obsolete property OTHER THAN REPLACEMENT that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition. Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the obsolete property.

"Rehabilitated facility" means a commercial property or commercial housing property that has undergone rehabilitation or is in the process of being rehabilitated, including rehabilitation that changes the intended use of the building. A rehabilitated facility does not include property that is to be used as a professional sports stadium. A rehabilitated facility does not include property that is to be used as a casino. As used in this subdivision, "casino" means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

"Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

OBSOLETE PROPERTY REHABILITATION ACT

Act 146 of 2000

AN ACT to provide for the establishment of obsolete property rehabilitation districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain local government officials; and to provide penalties.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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The People of the State of Michigan enact:

125.2781 Short title.

Sec. 1.

This act shall be known and may be cited as the “obsolete property rehabilitation act”.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2782 Definitions.

Sec. 2.

As used in this act:

(a) “Commercial housing property” means that portion of real property not occupied by an owner of that real property that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial housing property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to a multiple-unit dwelling or dwelling unit in a multiple-purpose structure, used for residential purposes.

(b) “Commercial property” means land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, the primary purpose and use of which is the operation of a commercial business enterprise. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise or a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property does not include any of the following:

(i) Land.

(ii) Property of a public utility.

(c) “Commission” means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(d) “Department” means the department of treasury.

(e) “Facility”, except as otherwise provided in this act, means a building or group of contiguous buildings.

(f) “Functionally obsolete” means that term as defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(g) “Obsolete properties tax” means the specific tax levied under this act.

(h) “Obsolete property” means commercial property or commercial housing property, that is 1 or more of the following:

(i) Blighted, as that term is defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(ii) A facility as that term is defined under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(iii) Functionally obsolete.

(i) “Obsolete property rehabilitation district” means an area of a qualified local governmental unit established as provided in section 3. Only those properties within the district meeting the definition of “obsolete property” are eligible for an exemption certificate issued pursuant to section 6.

(j) “Obsolete property rehabilitation exemption certificate” or “certificate” means the certificate issued pursuant to section 6.

(k) “Qualified local governmental unit” means 1 or more of the following:

(i) A city with a median family income of 150% or less of the statewide median family income as reported in the 1990 federal decennial census that meets 1 or more of the following criteria:

(A) Contains or has within its borders an eligible distressed area as that term is defined in section 11(u)(ii) and (iii) of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(B) Is contiguous to a city with a population of 500,000 or more.

(C) Has a population of 10,000 or more that is located outside of an urbanized area as delineated by the United States bureau of the census.

(D) Is the central city of a metropolitan area designated by the United States office of management and budget.

(E) Has a population of 100,000 or more that is located in a county with a population of 2,000,000 or more according to the 1990 federal decennial census.

(ii) A township with a median family income of 150% or less of the statewide median family income as reported in the 1990 federal decennial census that meets 1 or more of the following criteria:

(A) Is contiguous to a city with a population of 500,000 or more.

(B) All of the following:

(I) Contains or has within its borders an eligible distressed area as that term is defined in section 11(u)(ii) of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(II) Has a population of 10,000 or more.

(iii) A village with a population of 500 or more as reported in the 1990 federal decennial census located in an area designated as a rural enterprise community before 1998 under title XIII of the omnibus budget reconciliation act of 1993, Public Law 103-66, 107 Stat. 416.

(iv) A city that meets all of the following criteria:

(A) Has a population of more than 20,000 or less than 5,000 and is located in a county with a population of 2,000,000 or more according to the 1990 federal decennial census.

(B) As of January 1, 2000, has an overall increase in the state equalized valuation of real and personal property of less than 65% of the statewide average increase since 1972 as determined for the designation of eligible distressed areas under section 11(u)(ii)(B) of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(l) "Rehabilitation" means changes to obsolete property other than replacement that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition. Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the obsolete property.

(m) "Rehabilitated facility" means a commercial property or commercial housing property that has undergone rehabilitation or is in the process of being rehabilitated, including rehabilitation that changes the intended use of the building. A rehabilitated facility does not include property that is to be used as a professional sports stadium. A rehabilitated facility does not include property that is to be used as a casino. As used in this subdivision, "casino" means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

(n) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2783 Obsolete property rehabilitation districts; creation; conditions; filing written request; notice and hearing; finding and determination.

Sec. 3.

(1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more obsolete property rehabilitation districts that may consist of 1 or more parcels or tracts of land or a portion of a parcel or tract of land, if at the time the resolution is adopted, the parcel or tract of land or portion of a parcel or tract of land within the district is either of the following:

(a) Obsolete property in an area characterized by obsolete commercial property or commercial housing property.

(b) Commercial property that is obsolete property that was owned by a qualified local governmental unit on the effective date of this act, and subsequently conveyed to a private owner.

(2) The legislative body of a qualified local governmental unit may establish an obsolete property rehabilitation district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed obsolete property rehabilitation district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing an obsolete property rehabilitation district, the legislative body shall give written notice by certified mail to the owners of all real property within the proposed obsolete property rehabilitation district and shall afford an opportunity for a hearing on the establishment of the obsolete property rehabilitation district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing an obsolete property rehabilitation district, shall set forth a finding and determination that the district meets the requirements set forth in subsection (1).

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2784 Obsolete property rehabilitation exemption certificate; application; filing; contents; hearing; determination of taxable value.

Sec. 4.

(1) If an obsolete property rehabilitation district is established under section 3, the owner of obsolete property may file an application for an obsolete property rehabilitation exemption certificate with the clerk of the qualified local governmental unit that established the obsolete property rehabilitation district. The application shall be filed in the manner and form prescribed by the commission. The application shall contain or be accompanied by a general description of the obsolete facility and a general description of the proposed use of the rehabilitated facility, the general nature and extent of the rehabilitation to be undertaken, a descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, a time schedule for undertaking and completing the rehabilitation of the facility, a statement of the economic advantages expected from the exemption, including the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment, and information relating to the requirements in section 8.

(2) Upon receipt of an application for an obsolete property rehabilitation exemption certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the obsolete facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the obsolete facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application shall be held separately from the hearing on the establishment of the obsolete property rehabilitation district.

(3) Upon receipt of an application for an obsolete property rehabilitation exemption certificate for a facility located on property that was owned by a qualified local governmental unit on the effective date of this act, and subsequently conveyed to a private owner, the clerk of the qualified local governmental unit, in addition to the other requirements of this section, shall request the assessor of the local tax collecting unit in which the facility is located to determine the taxable value of the property. This determination shall be made prior to the hearing on the application for an obsolete property rehabilitation exemption certificate held pursuant to subsection (2).

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2785 Approval or disapproval of resolution; forward copies.
Sec. 5.

The legislative body of the qualified local governmental unit, not more than 60 days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for an obsolete property rehabilitation exemption certificate in accordance with section 8 and the other provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If disapproved, the reasons shall be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. A resolution is not effective unless approved by the commission as provided in section 6.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2786 Certificate; issuance; form; contents; effective date; filing; maintenance of record; copy.
Sec. 6.

(1) Not more than 60 days after receipt of a copy of the application and resolution adopted under section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant an obsolete property rehabilitation exemption certificate in the form the commission determines, which shall contain all of the following:

(a) A legal description of the real property on which the obsolete facility is located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the obsolete property, separately stated for real and personal property, for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land and personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation shall be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (d) is less than 12 years, the exemption certificate shall contain the factors, criteria, and objectives,

as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) The effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the obsolete property rehabilitation exemption certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the obsolete property rehabilitation exemption certificate to the applicant and the assessor of the local tax collecting unit in which the obsolete property is located.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2787 Issuance of certificate; tax exemption; time period; limitation; commencement; extension; review.
Sec. 7.

(1) A rehabilitated facility for which an obsolete property rehabilitation exemption certificate is in effect, but not the land on which the rehabilitated facility is located, or personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, for the period on and after the effective date of the certificate and continuing so long as the obsolete property rehabilitation exemption certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(2) Unless earlier revoked as provided in section 12, an obsolete property rehabilitation exemption certificate shall remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 12, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions shall not exceed 12 years after the completion of the rehabilitated facility. The certificate shall commence with its effective date and end on the December 31 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, shall be the date of completion of the rehabilitated facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 12 years, the review of the certificate for the purpose of determining an extension shall be based upon factors, criteria, and objectives that shall be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the obsolete property is located, and the commission.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2788 Taxable value of property proposed to be exempt; limitation; separate finding; statement; requirements for approval of application.
Sec. 8.

(1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount shall not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for an obsolete property exemption certificate unless the applicant complies with all of the following requirements:

(a) The commencement of the rehabilitation of the facility does not occur before the establishment of the obsolete property rehabilitation district.

(b) The application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of this act and that shall be situated within an obsolete property rehabilitation district established in a qualified local governmental unit eligible under this act to establish such a district.

(c) Completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated.

(d) The applicant states, in writing, that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

(e) The applicant is not delinquent in the payment of any taxes related to the facility.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2789 Value and taxable value of property; annual determination.
Sec. 9.

The assessor of each qualified local governmental unit in which there is a rehabilitated facility with respect to which 1 or more obsolete property rehabilitation exemption certificates have been issued and are in force shall determine annually as of December 31 the value and taxable value, both for real and personal property, of each rehabilitated facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the value and the taxable value of the property to which the application pertains and other information as may be necessary to permit the local legislative body to make the determinations required by section 8(2).

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2790 Obsolete properties tax; amount; collection, disbursement, and assessment; payment; copy of disbursement amount; form; property located in renaissance zone.
Sec. 10.

(1) There is levied upon every owner of a rehabilitated facility to which an obsolete property rehabilitation exemption certificate is issued a specific tax to be known as the obsolete properties tax.

(2) The amount of the obsolete properties tax, in each year, shall be determined by adding the results of both of the following calculations:

(a) Multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the rehabilitated facility is located by the taxable value of the real and personal property of the obsolete property on the December 31 immediately preceding the effective date of the obsolete property rehabilitation exemption certificate after deducting the taxable valuation of the land and of personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, for the tax year immediately preceding the effective date of the obsolete property rehabilitation exemption certificate.

(b) Multiplying the mills levied for school operating purposes for that year under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, and the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, by the taxable value of the real and personal property of the rehabilitated facility, after deducting all of the following:

(i) The taxable value of the land and of the personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14.

(ii) The taxable value used to calculate the tax under subdivision (a).

(3) The obsolete properties tax shall be collected, disbursed, and assessed in accordance with this act.

(4) The obsolete properties tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the obsolete properties tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(5) For intermediate school districts receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount of obsolete property tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) The amount of obsolete property tax described in subsection (2)(a) that would otherwise be disbursed to a local school district for school operating purposes, and all of the amount described in subsection (2)(b), shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(7) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the commission on a form provided by the commission.

(8) A rehabilitated facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the obsolete properties tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the obsolete properties tax attributable to a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The obsolete properties tax calculated under this

subsection shall be disbursed proportionately to the taxing unit or units that levied the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2791 Lien; proceedings.

Sec. 11.

The amount of the tax applicable to real property, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the obsolete properties tax applicable to real property, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the facility by certified mail, with the register of deeds of the county in which the property is situated.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2792 Revocation of certificate; findings.

Sec. 12.

The legislative body of the qualified local governmental unit may, by resolution, revoke the obsolete property rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time, or that the holder of the obsolete property exemption certificate has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2793 Transfer and assignment of certificate.

Sec. 13.

An obsolete property rehabilitation exemption certificate may be transferred and assigned by the holder of the certificate to a new owner of the rehabilitated facility if the qualified local governmental unit approves the transfer after application by the new owner.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2794 Report to commission.

Sec. 14.

Not later than October 15 each year, each qualified local governmental unit granting an obsolete property rehabilitation exemption shall report to the commission on the status of each exemption. The report must include the current value of the property to which the exemption pertains, the value on which the obsolete

property rehabilitation tax is based, a current estimate of the number of jobs retained or created by the exemption, and a current estimate of the number of new residents occupying commercial housing property units covered by the exemption.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2795 Report to legislative committees.
Sec. 15.

(1) The department annually shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of obsolete property rehabilitation districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues an economic analysis of the costs and benefits of this act in the 3 qualified local governmental units in which it has been most heavily utilized.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2796 Exemption after December 31, 2010.
Sec. 16.

A new exemption shall not be granted under this act after December 31, 2010, but an exemption then in effect shall continue until the expiration of the exemption certificate.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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125.2797 Exclusions; limitation.
Sec. 17.

(1) Within 60 days after the granting of an obsolete property rehabilitation exemption certificate under section 6 for a rehabilitated facility, the state treasurer may, for a period not to exceed 6 years, exclude up to 1/2 of the number of mills levied for school operating purposes under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, and under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the specific tax calculation on the facility under section 10(2)(b) if the state treasurer determines that reducing the number of mills used to calculate the specific tax under section 10(2)(b) is necessary to reduce unemployment, promote economic growth, and increase capital investment in qualified local governmental units.

(2) The state treasurer shall not grant more than 25 exclusions under this section each year.

History: 2000, Act 146, Imd. Eff. June 6, 2000 .

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